

2009 Annual Report

CertiQ B.V.

Being
Alert



1 Foreword	3
Being alert	4
2 Developments	6
2.1 Certificate production in 2009	6
2.2 New European Directive on Renewable Energy	7
2.3 The AIB's supporting role	8
2.4 Customer satisfaction survey	9
2.5 Improving automation systems	10
2.6 Grey Power Certificates comply with high standards	11
2.7 CertiQ and the NL Agency: a well-matched pair	11
Critical	14
3 CertiQ	16
3.1 The certificate system	16
3.2 Overview of tariffs	19
3.3 Organizational structure	20
3.4 Code of Corporate Governance	21
Precise	22
4 Results for 2009	24
4.1 Key figures	24
4.2 Imports and exports of Guarantees of Origin	26
4.3 CHP certificates	29
4.4 Financial results	29
Clear	32
5 Financial position in 2009	33
Appendix: CertiQ works together with ...	47
Printing details	
Adress and publication details	

Printing details

This annual report is printed on 'Oxford' paper. Oxford has a FSC Mixed Sources label, i.e. it is made of at least 50 percent wood pulp from an FSC certificated source; the other pulp consists of recycled material and/or wood from sources monitored by the FSC.

The FSC quality mark is a guarantee that the raw material for the paper originated from forests managed in an environmentally responsible way and not from forests with high environmental value, such as primary forests, or from a plantation created by replacing a tropical rain forest.



CertiQ BV 2009 Annual Report

Foreword

Change is a striking constant in CertiQ's field of operations. This was true again in 2009. Our partnership with the NL Agency (formerly known as SenterNovem) expanded further, there was a big influx of solar energy producers and the European Commission introduced a new Renewable Energy Directive.

At CertiQ we realize that these developments require us to adopt a particular attitude to our work, an attitude that we would describe as alert. In other words: focused, critical and pro-active. In retrospect, we see that in recent years this attitude has become increasingly important as a common thread running through our operations. So we have made being alert the theme of our 2009 annual report.

Naturally, we were alert to the significance of the European Directive. This confirms the strong Dutch green power model, but also leaves some crucial aspects open to interpretation by Member States. We also think it's important to remain alert in the way we provide services. To get a good picture of where we stand today, we commissioned an independent customer satisfaction survey. In 2009 we were also alert to the quality of our automation system, which must continue to be stable and flexible in the future. In addition, and we've been alert to cost issues. We have persuaded the Ministry of Economic Affairs that certain costs the certificate system incurs in relation to the SDE subsidy scheme should no longer be borne by the participants. By remaining alert to such issues, we are able to keep the tariffs for our participants as low as possible.

We should also mention here the most important developments in the generation of renewable electricity itself. The volume of certified megawatt hours of renewable electricity generated in the Netherlands grew by 13.2 percent in 2009 as compared to 2008. At the same time, energy consumption in the Netherlands began to decline in 2009. As a result, renewable electricity accounted for an increasing proportion of total energy.

The following chapters explain the various developments in more detail. We trust that this will alert you to the most important development in our field of operations in 2009.

Gineke van Dijk
Manager of CertiQ BV

Ben Voorhorst
Chief Operating Officer of TenneT TSO BV

Alert

Wie alert is, heeft een bepaalde scherpte paraat.

Altijd bedacht op het onverwachte.

Altijd in staat om iets snel op te pakken.

Een mooie werkhouding is het, die alertheid.

Het wakkere en het slagvaardige komen erin samen.

Dat brengt de wereld verder.

Gegarandeerd.

Veel verder.

Developments

2.1 Certificate production in 2009

In 2009 we saw growth across the board: in the number of generating plants, in installed capacity and in the production of renewable electricity.

The number of registered generating plants grew from 1,977 to 4,837, an increase of 144.7 percent. This figure needs to be put in perspective. The increase was primarily due to the many small solar power plants that have been registered with CertiQ. Most of these belong to individuals who have solar panels on the roofs of their homes. This progress towards sustainability, while meaningful in itself, does not have a significant effect on the total picture. The total installed capacity of solar panels reached 18.4 megawatts, which represents about 0.1 percent of total renewable electricity generation. However, this increase in the production from solar generating plants will continue in 2010, since the NL Agency has approved many grants in 2008 and 2009 for solar plants, which will lead to the installation of more solar panels and more sustainable production in the years ahead.

Last year, fifteen new biomass plants were added, many of them small manure digesters. The number of wind plants declined by thirteen,¹⁾ but this is not a negative development as older turbines were replaced by a smaller number of large turbines with greater generating capacity. In figures: at the end of 2008 there were 1,054 wind plants with an installed capacity of 2,197 megawatts; at the end of 2009 there were 1,041 wind plants with a capacity of 2,247 megawatts.

The number of certified megawatt hours of renewable electricity generated in the Netherlands grew by 13.2 percent in 2009, as compared to 2008. Total production was 10,188,939 MWh. The sources making the largest contributions were, as usual, biomass (55.1 percent) and wind (43.8 percent). Certified solar and water power together accounted for 1.1 percent of the total volume.

As in previous years, consumption of renewable electricity increased in 2009. We measured an increase of 17.8 percent compared to 2008. The number of certificate cancellations, which are proof of delivery to consumers, increased from 21,529,538 MWh in 2008 to 25,371,724 MWh in 2009.

It is striking that the production of renewable electricity grew in 2009 at the same time as energy consumption in the Netherlands decreased. The result was that the share of renewable electricity in total energy consumption increased, from 7.54 percent in 2008 to 8.92 percent in 2009.²⁾

To meet the growing domestic demand for renewable electricity, guarantees of origin for 16,937,736 megawatt hours were imported last year. This is 10.5 percent less than in 2008. The reason the Netherlands still has to import renewable power is that the construction of new plants here takes time, while in the meantime demand for green power continues to grow.

2.2 New European Directive on Renewable Energy

In June 2009, the new European Directive on Renewable Energy came into effect.³⁾ In this Directive, the European Commission prescribes a comprehensive package of climate regulations for Member States. It includes a number of detailed rules for the certification of renewable electricity, but these are largely consistent with CertiQ's current practices.

We quote here the main requirements that a guarantee of origin must meet under Article 15 of the Directive. The certificate must indicate:

- The energy source used in production, and the start and end dates for the production
- The identity, location, type and capacity of the plant in which the energy was generated
- The date on which the plant became operational
- The date and the country issuing the certificate, and a unique identification number.

A Guarantee of Origin must be used within twelve months of the production of the corresponding energy. The Directive also stipulates that the certification must be implemented through an electronic system that is reliable and fraud-resistant. And the Directive is clear on the function of the certificates: they are intended to provide transparency to consumers.

1) A wind plant registered with CertiQ may comprise one or more wind turbines.

2) The 2009 figure is based on an initial estimate because the final figures for total energy consumption in the Netherlands were not yet known when this report was compiled.

3) Directive 2009/28/EC of the European Parliament and of the Council on the promotion of the use of energy from renewable sources.

CertiQ is very pleased with the clarity that the Directive provides for Guarantees of Origin. In our view, it makes many aspects of the certification of renewable electricity more efficient and credible. There is, for example, a requirement that a Guarantee of Origin must be cancelled when used. Including this in the Directive will ensure greater consistency across Europe and such harmonization will certainly have a positive impact on the international trade in certificates.

However, we find it regrettable that the European Commission has left some crucial issues relating to certification open to further interpretation by the Member States, rather than specifying them. This could result in differences in the way in which Member States apply Guarantees of Origin.

CertiQ naturally hopes that the existing successful Dutch model for green power will be retained. So we will work with the Dutch government on planning how the European Directive should be put into effect in national legislation in 2010.

2.3 The AIB'S supporting role

The Association of Issuing Bodies (AIB), an international partnership of the organisations that manage Guarantees of Origin, secured a significant achievement last year. The European Commission's New Renewable Energy Directive included virtually all the elements of the EECS standard for renewable energy certification, previously developed by the AIB. In effect, this standard was enshrined as 'best practice' in European law.

To fully comply with the requirements of the Directive, the AIB has modified some details of the EECS standard. Some internal rules have been changed and simplified. The fully updated EECS standard provides bodies such as CertiQ, which manage guarantees of origin, with a perfect opportunity to inform their own governments about the most desirable implementation of the European Directive in national legislation.

CertiQ, represented in the AIB by its manager Gineke van Dijk, has actively contributed to these achievements. Since April 2009, Gineke van Dijk has chaired the Executive Board of the AIB. Other CertiQ employees participated in AIB working groups in the past year, in the areas of policy and automation.

2.4 Customer satisfaction survey

CertiQ is a service organization. Our task is to offer the participants in the certificate system a user-friendly and well-functioning system. The greater our service orientation, the more we contribute to an important goal in Dutch society: the sustainability of our energy supplies. We are well aware of this, so we are committed to providing our customers with accurate information. If any questions or problems arise, we aim to offer a quick solution. But are we really so alert in everyday practice? We wanted our customers to answer that question themselves. In autumn 2009, we commissioned a customer satisfaction survey.

The independent agency Effectory elicited the views of producers, grid operators and traders through a questionnaire that could be returned anonymously. Of the 717 subjects approached, 337 completed the questionnaire. Compared to the national bench-mark, that is a very high response.

In addition, six interviews were conducted with representatives of the Ministry of Economic Affairs, the Office of Energy Regulation and the NL Agency. These government and quasi-government bodies gave our service an 8.5 rating (on a scale of ten). They were particularly pleased with the rapid and effective communication they had with CertiQ. Our work appears to meet their expectations.

The producers, traders and operators rated some CertiQ staff very highly: the technology specialist scored 8.8 and the customer account manager an 8.1. However, the overall satisfaction rating was 6.7. The network operators had the most positive opinions of CertiQ and the producers the least positive.

The responses showed that many solar energy producers, usually private individuals, found the application procedure unnecessarily complicated and cumbersome. The simplified application form that CertiQ has already developed for this group of producers has apparently not sufficiently allayed these concerns. Therefore we have decided to also streamline the general information provided on our site for solar energy producers in 2010, to facilitate the application process.

In 2010 CertiQ will be taking further action to follow up on the focus points identified in the study. We will provide further information on this in the course of the year.

If you are interested in the results of the customer satisfaction survey, you can request a summary of the report from CertiQ. To verify whether this study has really sharpened our focus, we will conduct a follow-up survey before too long.

2.5 Improving automation systems

Our automated system for creating and cancelling certificates has been in use since 2001. Because of numerous regulatory changes and the increasing number of new data items, the system has been modified many times over the years. This cannot be continued indefinitely without incurring the risk that the application may become unstable. Moreover, all those work-arounds become disproportionately expensive.

In the belief that our system must be stable and easily extensible well into the future, and to ensure that costs remain manageable, we scrutinized the whole system in 2009. We conducted a comprehensive analysis of our operations so that, in 2010, we would have a basis for deciding on creating a new system. If we decide to do so, it is important for cost reasons to include all major new developments at one time. For example, there is the new legislation that the Dutch government could introduce in 2010, based on the new European Directive on Renewable Energy. Also, a new system could be designed to be suitable for certification markets other than green power alone.

2.6 Grey Power Certificates comply with high standards

Energy suppliers are obliged to inform their customers about the mix of sources in the electricity they supply. For the sustainable part of the mix, they rely on CertiQ's accurate certification. For gas, coal and the like, they calculate the proportions based on their purchasing data or using national averages. That is less transparent than using Guarantees of Origin. CertiQ thinks that source labelling for electricity would be more transparent if all power, both green and gray, was certified.

CertiQ has been advocating universal certification for years. To demonstrate that it works, last year we ran a pilot scheme with one major energy supplier, to certify electricity generated from natural gas. Moreover, in mid-2009 we were able to bring gray power certificates into compliance with the AIB's EECS standard. We hope that this international recognition will encourage players on the Dutch market to make the move to full electricity certification.

2.7 CertiQ and the NL Agency: a well-matched pair

Since the introduction of the Sustainable Energy Production Incentives (SDE scheme) in 2008, we have worked closely with the NL Agency, which implements the scheme. The cooperation intensified when the NL Agency took over the management of the older MEP subsidy scheme from EnerQ, at the beginning of 2009. EnerQ's good work in transferring its responsibility meant that everything was soon running smoothly at the NL Agency, which also made our work easier.

The cooperation between the NL Agency and CertiQ in 2009 was excellent. Active knowledge sharing and effective coordination has developed between the two organizations. We also took joint action, for example to assist producers and to present some issues requiring improvements to the Ministry of Economic Affairs.

One example of the latter related to the registration fee and annual dues for producers of solar energy. The NL Agency and CertiQ pointed out to the Ministry that these charges are relatively high for individuals with a small solar installation on the roof of their house. The Minister therefore decided that, for this category of producers, the Ministry would bear these costs. This applies to all small solar installations granted an SDE subsidy decision in 2009 and 2010, and also applies retrospectively to 2008. That is good news for these producers.

We also concluded a covenant with the NL Agency in 2009, which provides for CertiQ's project costs relating specifically to the SDE scheme to be met by the NL Agency. This is an important agreement, because it separates the costs of facilitating certificate trading from the costs of facilitating SDE grants.

Scherp zijn, is ook kritisch zijn.

Je fijne onderscheidingsvermogen inzetten
om de beste oplossing te vinden.

Kanttekeningen plaatsen
om de dingen te verbeteren.

In een open dialoog met de anderen.

Duurzame tijden breken niet uit zichzelf aan.

Verandering vertrouwt op de hulp
van een goede beoordelingskracht.

Kritisch

CertiQ

3.1 The certificate system

History

In 2001, the Dutch government decided to structure the trade in, and supply of, electricity generated in an environmentally friendly way using a certification system. The certification system ensures that the whole chain of supply for green electricity is verifiable, from the producer to the final user. The certificates ensure that the green electricity used in the Netherlands has in fact been generated under the agreed conditions.

CertiQ BV, a subsidiary of TenneT TSO BV, manages the system for issuing Guarantees of Origin. CertiQ is also charged with implementing the Renewable Energy Certificate System (RECS) in the Netherlands. This European certification system was initiated by various market actors and is not specifically anchored in national legislation.

In 2003 the MEP subsidy scheme, which was intended to improve the environmental quality of electricity production, came into effect. Because of this there was, for the first time, a linkage between certification and subsidies for electricity generated in environmentally friendly ways, from renewable sources and in combined heat and power plants. In 2008 the MEP scheme was replaced by the Sustainable Energy Production Incentives (SDE) scheme. This scheme is broader, as it includes subsidies for the production of another form of renewable energy: green gas.

Until 2005 it was possible to have certificates issued in the Netherlands for sustainable electricity produced in other countries. This system was replaced by one in which the certificates for production in other countries are imported. To ensure that this works optimally, CertiQ joined the Association of Issuing Bodies (AIB), an international partnership of the organisations that manage Guarantees of Origin.

The certificates and their purpose

CertiQ issues electronic certificates on the basis of the number of megawatt hours of electricity that a plant has produced. A certificate reports the volume and origin of the electricity produced and the date on which the certificates were issued. CertiQ can issue various types of certificate: Guarantees of Origin (for sustainable electricity and for high efficiency CHP plants) and CHP certificates as well as energy labelling certificates and Renewable Energy Certificate System (RECS) certificates.

Guarantees of Origin are issued for electricity generated from the renewable sources wind, biomass, and hydroelectric and solar power. These Guarantees of Origin are proof that the amount of renewable electricity consumed has actually been generated in a sustainable manner. This is administered through the creation and cancelling certificates. The ultimate goal is transparency for the consumer. Guarantees of Origin for renewable electricity are also the basis for subsidy funding. Based on these certificates, producers can obtain grants from the NL Agency under the SDE scheme.

Since 2008, Guarantees of Origin can also be issued for high-efficiency combined heat and power plants (HE-CHP), also known as high-yield co-generation. These certificates do not support any right to a subsidy; they are intended only as proof of delivery of high-efficiency CHP electricity. The ordinary CHP certificates, however, which also cover electricity from CHP plants, can be used for funding purposes. Until 2008, CHP electricity production was subsidised under the MEP scheme. From 2010 it will be possible to receive subsidies under the SDE scheme.

Guarantees of Origin for renewable electricity serve a third purpose, in addition to creating transparency and the possibility of subsidies: they facilitate international trade in certificated electricity. The certificates allow a country to buy renewable electricity from another country.

RECS, which stands for Renewable Energy Certificate System, was initiated by various international parties. Certificates issued under RECS are also intended for the purposes of international trade in renewable electricity, but are based on a voluntary system. These certificates may not be used in the Netherlands as proof of the supply of green electricity. Only Guarantees of Origin may be used for that purpose.

Finally, energy labelling certificates are designed for energy suppliers. On the basis of these certificates they give their customers precise information about the part of the electricity they supply that is not covered by Guarantees of Origin for renewable electricity.

The new European Directive on Renewable Energy, issued by the European Commission in 2009, means that guarantees of origin will continue to play a role in the international trading and labelling of electricity and renewable electricity.

Procedures

A producer fills out an application form, which is obtainable from CertiQ's website, signs it and sends it to the grid operator. The operator assesses whether the plant meets all legal requirements. If he finds that it does, the operator also signs the producer's application and sends it to CertiQ. We then register the producer, after which the issuing of Guarantees of Origin certificates will start. The number of certificates to be issued is determined on the basis of production data from the plant, which the grid operator sends to CertiQ every month.

In the case of biomass, additional information about the composition and sustainability level of the biomass is required before certificates can be issued.

The smallest production volume for which a Guarantee of Origin certificate is issued is one megawatt-hour (MWh). The solar panels mounted on the roofs of private homes may take about twelve months to earn a certificate for one MWh, whereas a wind turbine generates one megawatt of renewable electricity in less than an hour.

Within the certification system, the certificates are produced digitally in a controlled way. More precisely: they are credited to the account of a trader nominated by the producer. Only traders registered with CertiQ can own Guarantees of Origin. Any natural or legal person can register with CertiQ as a trader. The trader can trade the certificates or use them as proof of the delivery of sustainable electricity to final consumers. For every megawatt hour of green electricity supplied to end consumers, a certificate of equal value must be debited, or 'cancelled'. Traders do this themselves by logging in to CertiQ's certification system and entering the number of certificates in their accounts that have been used and should be deducted. The Office of Energy Regulation monitors this process, i.e. it checks whether the quantity of certificates cancelled corresponds to the amount of electricity sold as sustainable electricity.

Guarantees of Origin are not tradable if the sustainable electricity to which they relate was not fed into the public grid but supplied directly to a facility such as a factory. This power is already consumed by the immediate user. However, to the producer these guarantees of origin still represent proof of sustainable production. These certificates can only be used to obtain subsidies if they relate to solar power.

Guarantees of Origin are valid for one year after they are issued. After one year, the certificate cannot be used as proof of delivery of sustainable electricity anymore.

For more detailed information about certification, see www.certiq.nl. You will find a handy schematic overview of the procedures in CertiQ's brochure, which can be requested free of charge.

3.2 Overview of tariffs

CertiQ sets its tariffs periodically, after consultation with the Participants' Council in which the participants in the certification system are represented, on the basis of a forecast of its operations. These tariffs are based on the income and costs of our organisation, which works on a cost-recovery basis. Profit or loss in one year is adjusted in following years by raising or lowering the tariffs (see Table 1).

Table 1 Overview of tariffs, 2006 – 2010

Component	January 2006	January 2007	January 2008	January 2009	January 2010
Registration producer	25	25	25	25	25
Registration trader	750	750	750	750	750
Registration aggregator	750	750	750	750	750
Annual fee producer	25	25	25	25	25
Annual fee trader	2,500	2,500	2,500	2,500	2,500
Annual fee producer (<50,000 MWh)	750	750	750	750	750
Annual fee aggregator	2,500	2,500	2,500	2,500	2,500
Annual fee aggregator (<50,000 MWh)	750	750	750	750	750
Per certificate of 1 MWh					
- issuing	0.060	0.062	0.069	0.060	0.045
- transfer	0.010	0.012	0.013	0.010	0.008
- use (cancel)	0.060	0.062	0.069	0.060	0.045
- import	0.010	0.012	0.013	0.010	0.008
- export	0.010	0.012	0.013	0.010	0.008

3.3 Organizational structure

The team at CertiQ consisted of fourteen staff in 2009, working in the following positions: a manager, a customer accounts manager, a policy advisor, a coordinator for account management, four in-house account managers and one location specialist, two computer application managers, one financial controller, one assistant controller and a secretary. The average staff level was 12.5 full-time equivalents. By way of comparison, in 2008 it was 11.5 full-time equivalents. All of CertiQ's staff are formally employed by our parent company, TenneT TSO BV.

3.4 Code of Corporate Governance

CertiQ, like TenneT (CertiQ's sole shareholder and manager) has chosen, where possible, to comply with the Code of Corporate Governance.

Management

The management of CertiQ is responsible for strategic and organisational policy and for issuing and recording guarantees of origin and CHP certificates. CertiQ accounts for these activities to TenneT.

TenneT establishes the framework for policy making for the internal risk management and risk control systems. Within this framework, the directorate and management of CertiQ are responsible for managing these systems.

CertiQ draws up an annual financial plan, including the operating budget, investment budget and funding requirements. This annual plan is approved by the shareholder and constitutes the mandate for the management. CertiQ reports at least once each quarter to the shareholder about the implementation of the annual plan. It reports periodically regarding its financial results and operational developments.

Financial reporting

The management considers that the annual accounts for 2009 contain no inaccuracies of material importance. The Management is of the opinion, to the best of its knowledge and belief, that there are no further indications that CertiQ's internal risk management and control systems with regard to financial reporting risks have not worked properly in the reporting year, and would therefore be unable to provide a reasonable degree of certainty that the financial reporting does not contain inaccuracies of material importance.

External accountant

CertiQ's external accountant, PricewaterhouseCoopers Accountants NV, is charged with verifying our annual accounts. It reports to both the Supervisory Board and the Management. The external accountant draws up the Audit Report and the Management Letter and provides an auditor's opinion to accompany the annual accounts.

*In scherp zijn, zit ook iets van precisie.
Je beseft dat het nauw luistert
en je handelt daarnaar.*

*Wie nauwkeurig is, is ook verantwoordelijk.
Gewetensvol zelfs. En daar hebben we wat aan.
Zorgvuldigheid optimaliseert het samenwerken.*

Precies

Results for 2009

4.1 Key figures

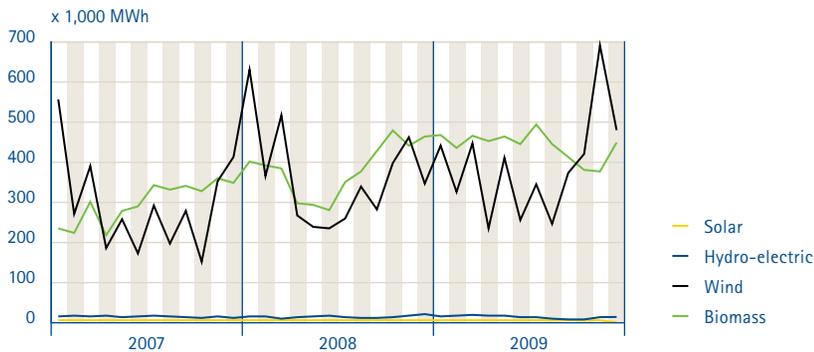
At the end of 2008, CertiQ had a total of 4,837 generating plants for renewable electricity on its register. This is 144.7 percent more than in 2008. This rate of growth is almost entirely attributable to registrations for solar energy producers. Table 2 shows the breakdown for the four sources of renewable energy: biomass, wind, solar and water power.

Table 2 Number of generating plants as of 31 December 2008

Generating plants based on	31 December 2009	31 December 2008
Biomass	205	190
Wind	1,041	1,054
Solar	3,574	718
Hydro-electric	17	15
Total	4,837	1,977

In 2009 CertiQ certified a total of 10,188,939 megawatt hours of renewable electricity produced in the Netherlands. This is a 13.2 percent increase as compared to 2008. Chart 1 shows the changes, broken down for biomass, wind, solar and water power.

Figure 1 The certified production of sustainable electricity in the Netherlands



Wind energy contributed 4,461,229 megawatt hours of certified production. This is 3.3 percent more than in 2008. Replacement investments led to the introduction of turbines with greater production capacity. A total of 50 megawatts of capacity was added. At the end of 2009, the wind generating capacity on land and sea in the Netherlands, registered with CertiQ, was 2,247 megawatts.

Another 5,620,158 megawatt hours of electricity generated from biomass was certified, a rise of 22.7 percent compared to 2008. This growth was mainly due to mixing biomass in the fuel used in standard power stations.

The substantial increase in the number of small solar power plants in 2009 had not yet led to more solar power being certified. The meters at very small plants are only read once a year and those for many new solar plants will be read for the first time in 2010. Solar and water power together contributed 107,552 MWh of certified power, which is 1.1 percent of the total production of renewable electricity in the Netherlands.

The total consumption of renewable electricity in the Netherlands (i.e. the number of cancellations recorded at CertiQ) increased from 21,529,538 MWh in 2008 to 25,371,724 MWh in 2009. Imports of renewable electricity declined by 10.5 percent last year, to a total of 16,937,736 MWh.

Figure 2 Certificates issued for Dutch sustainable electricity

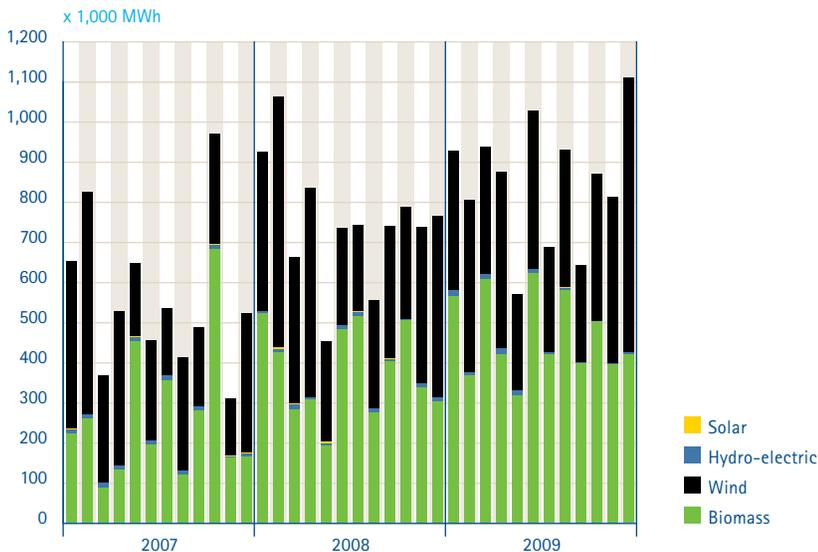


Figure 1 and 2 show different patterns. This is because Figure 1 showed renewable electricity production, while Figure 2 shows the certificates CertiQ has issued. It is important to note that the volume of certificates issued in a certain month can reflect both newly generated electricity and electricity generated further in the past.

4.2 Imports and exports of guarantees of origin

Table 3 Overview of imports and exports

Import / Export in MWh	2009	2008
Imports	16,937,736	18,923,973
Exports	309,476	1,475,914

Figure 3 Imports of sustainable electricity

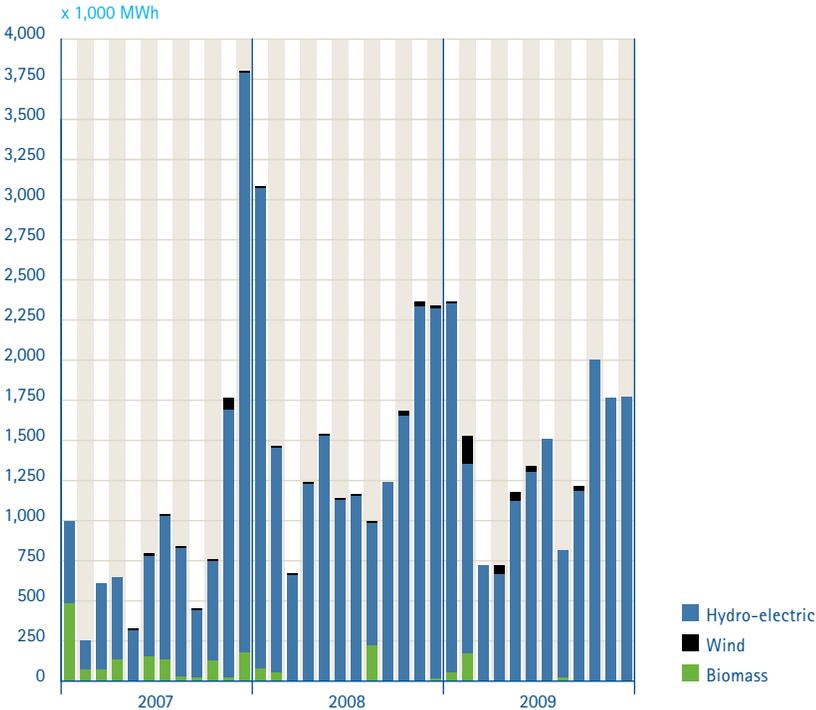
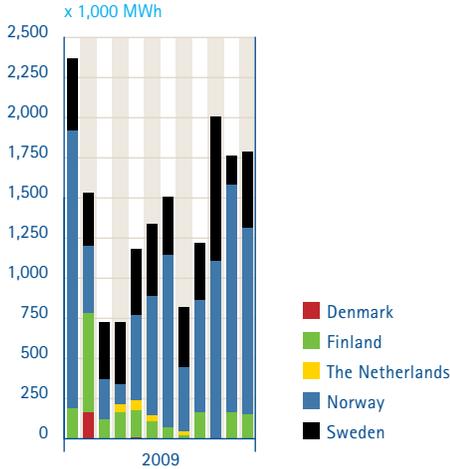


Figure 3 shows that the certificates imported in 2009 related mainly to hydro-electricity.

Figure 4 Imports of Guarantees of Origin, by country of origin



Guarantees of Origin can be traded within Europe. Figure 4 indicates the country that originally issued the certificates imported to the Netherlands in 2009.

Figure 5 Activity relating to sustainable electricity in the system

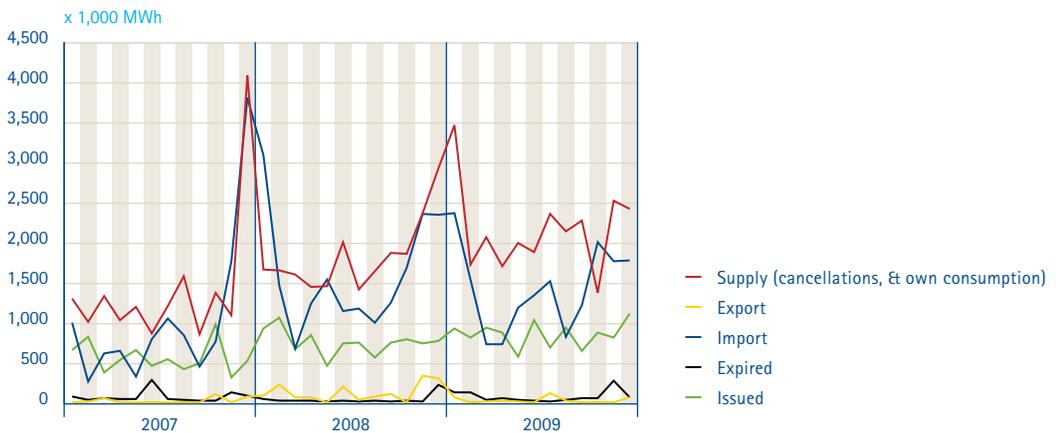


Figure 6 Certificate transfers

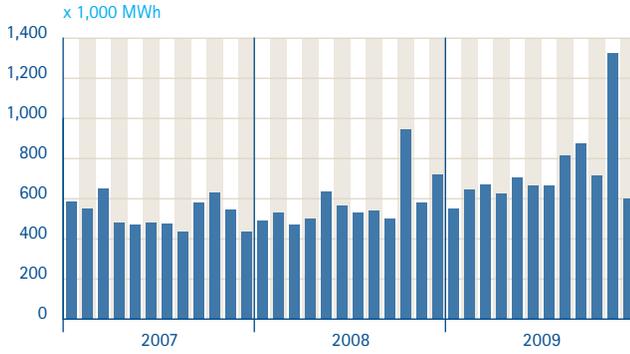


Table 4 RECS participants

RECS	31 December 2009	31 December 2008
Number of generating plants	245	246
Number of traders	28	22
Number of aggregators	0	0

Table 5 Guarantee of Origin participants

Guarantees of Origin	31 december 2009	31 december 2008
Number of generating plants	4,837	1,977
Number of traders	55	58
Number of aggregators	2	3

4.3 CHP certificates

The old subsidy scheme for CHP generation was terminated in 2008. Soon after that, we removed the CHP installations from the CertiQ register. In 2009, the only CHP power that CertiQ certified was produced in 2007 and earlier: this was certified in the course of finalising some files.

From 2010, newly built CHP plants will again be subsidized, this time under the SDE scheme. Therefore in the future CertiQ will again issue CHP certificates for producers who seek subsidies for these plants.

Table 6 Certificates issued for CHP electricity (in MWh)

CHP certificates issued	2009	2008
	308,197	1,536,657

4.4 Financial results

The costs and revenues for 2009 (in euros) can be summarised as follows:

	2009	2008
Invoiced revenue	3,045,728	3,019,706
To adjust in tariffs	- 967,229	- 591,365
Revenue as per the annual accounts	2,078,499	2,428,341
Operating costs	2,081,086	2,401,802
Trading results	- 2,587	26,539
Financial costs and income	2,587	- 26,539
Result	-	-

In 2009, CertiQ's invoiced revenue increased very slightly compared to 2008. The increase was partly due to increasing registrations and membership fees. Revenues from certificate issues and transfers fell compared to 2008. This decrease is due to a decline in the production of CHP certificates (because of the ending of the old CHP subsidy scheme) and to a decrease in the import and export of certificates.

The decrease in operating expenses compared to 2008 is mainly due to savings CertiQ achieved in the areas of automation and personnel costs. Lower depreciation also contributed to the decrease in operating expenses.

Because CertiQ clears any differences between revenues and costs by adjusting its future tariffs, CertiQ's result is always zero. The cumulative amount up to 2009 that will be cleared by adjusting tariffs is € 1,648,156. This means that there is still an excess income of € 1,648,156 to be adjusted in the tariffs for 2010 and beyond. Therefore at the end of 2009 it was decided to reduce tariffs for 2010 by 20 to 25 percent.

Als je iets scherp in beeld wilt brengen,
maak je het helder.

Ondubbelzinnig en inzichtelijk. Zodat iedereen
er zich een voorstelling van kan maken.

Transparantie helpt overtuigen.

Van een andere manier van denken en doen.

Groen.

Helder

Financial position in 2009

Balance at 31 December 2009 after appropriation of profits	34
Profit and loss account for 2009	35
Cash flow statement for 2009	35
General notes	36
Notes to the balance sheet at 31 December 2009 after appropriation of profits	38
Notes to the profit and loss account for 2009	41
Other information	44

Balance at 31 December 2009 after appropriation of profits (euros)

Assets	Ref.	31 December 2009	31 December 2008
Non current assets	1		
Tangible fixed assets		393,693	674,991
		393,693	674,991
Current assets			
Receivables	2		
Accounts receivables		390,882	482,351
Group companies		1,291,693	-
VAT		392	-
Prepayments and accrued income		21,680	3,715
		1,704,647	486,066
Cash equivalents		-	-
		2,098,340	1,161,057

Liabilities	Ref.	31 December 2009	31 December 2008
Equity	3		
Share capital		18,000	18,000
		18,000	18,000
Current liabilities	4		
Accounts payable		26,417	29,203
Group companies		-	71,697
Other liabilities		405,767	361,230
Amounts received in advance		1,648,156	680,927
		2,080,340	1,143,057
		2,098,340	1,161,057

Profit and loss account for 2009 (EUR)

	Ref.	2009	2008
Revenue	5	2,078,499	2,428,341
Operating expenses	6		
Systems for process automation		357,774	429,023
Personnel expenses		736,109	753,076
Depreciation on tangible fixed assets		388,633	700,480
Other operating expenses		598,570	519,223
		<u>2,081,086</u>	<u>2,401,802</u>
Operating result		-2,587	26,539
Financial costs and income			
Interest income		2,587	-
Interest expenses		-	26,539
		<u>2,587</u>	<u>- 26,539</u>
Profit before tax		-	-
Tax		-	-
Profit after tax		-	-

Cash flow statement for 2009 (EUR)

	2009	2008
Cash flow from operational activities		
To adjust in tariffs	967,229	591,364
Depreciation on tangible fixed assets	388,633	700,480
Working capital:		
- Changes in receivables	73,112	72,208
- Changes in current liabilities	41,751	249,268
	<u>1,470,725</u>	<u>1,613,320</u>
Cash flow from investments		
Investments in tangible fixed assets	- 107,335	- 284,935
Change in the current account	1,363,390	1,328,385

General notes

Nature of the business operations

TenneT TSO BV (henceforth: TenneT), the Transmission System Operator and administrator of the national high-voltage grid, has been designated by the Minister of Economic Affairs, in a Ministerial decision, to establish an E-certificate system. TenneT established CertiQ BV to set up this system and perform the activities associated with it.

CertiQ's goal is to facilitate trading in sustainable electricity by issuing and managing production certificates. Production certificates, also known as Guarantees of Origin, are created when sustainably generated electricity and electricity from high-efficiency combined heat and power plants (CHP) is produced. The certificates for sustainable electricity are eligible for subsidies under two legally established schemes: the Environmental Quality of Electricity Generation Act (MEP) and the Sustainable Energy Production Incentives (SDE) scheme. They are also nationally and internationally tradable.

In the past, CertiQ was also responsible for issuing certificates for CHP production, for subsidy purposes. This scheme was terminated as of 1 January 2008, and activities were phased out in the course of 2008. CertiQ is also responsible for issuing RECS certificates, under the Renewable Energy Certificate System. These are certificates to facilitate the international trade in renewable energy in countries where Guarantees of Origin have not yet been introduced.

All the shares in CertiQ are held by TenneT.

Principles used for valuations of assets and liabilities

General

The annual accounts are drawn up in accordance with generally accepted reporting procedures in the Netherlands. Unless otherwise stipulated, all amounts are recorded at nominal value.

Non current assets

The tangible fixed assets are valued at the original purchase price or production cost, after deducting linear depreciation. An allowance is made for any long-term loss of value that is expected on the balance date. Depreciation of the purchase price or cost of production is spread over time, on the basis of the expected economic life.

Current assets

Receivables are valued at nominal value, less a provision for bad debts.

Principles for determining profit and loss

Revenue

Under Article 6, paragraph 5 of the Ministerial decision on Guarantees of Origin for renewable electricity, the independent manager of the power transmission grid may charge the cost of managing production certificates to the producer, customer, supplier or trader. There are exceptions for some categories, for which the Minister of Economic Affairs bears the costs (Article 6, paragraph 6 of the Ministerial decision on Guarantees of Origin).

The Board of TenneT fixes the tariffs each year, after hearing advice from the Participants' Council. Any difference between actual costs and billed revenues is adjusted in future tariffs.

Operating expenses

Costs are determined on a historical basis and allocated to the year to which they relate.

Depreciation on tangible fixed assets

The depreciation on tangible fixed assets is based on the acquisition cost and expected economic life.

Taxes

The tax due on the result is calculated by applying the currently applicable taxation rate to pre-tax profits, taking permanent differences between the fiscal and commercial calculation of profits into account.

Notes to the summary of cash flows

The summary of cash flows has been drawn up using the indirect method. Liquid assets are automatically transferred to TenneT's current account, through a daily cash pool. Therefore, the current account appears as the final item in the cash flow statement.

Notes to the balance sheet at 31 December 2009 after appropriation of profits (in euros)

1 Non current assets

Tangible assets

Software is included in tangible fixed assets, and is depreciated over three years. Since the beginning of 2006, the software developed by TenneT on behalf of CertiQ has been capitalised on the balance sheet and recorded as equity.

The book value of the tangible fixed assets can be specified as follows:

Software			2009	2008
	Tangible fixed assets	TFA under construction	Total	Total
As of 1 January				
Purchase value	1,836,052	119,486	1,955,538	1,670,603
Cumulative depreciations and write-offs	1,280,547	-	1,280,547	580,067
Book value as of 1 January	555,505	119,486	674,991	1,090,536
Capitalisation	-	107,335	107,335	119,486
Entering operational service	226,821	- 226,821	-	165,449
Disinvestments at book value	-	-	-	-
Depreciation	388,633	-	388,633	700,480
Changes	- 161,812	- 119,486	- 281,298	- 415,545
As of 31 December				
Purchase value	2,062,873	-	2,062,873	1,836,052
Capitalisation	-	-	-	119,486
Cumulative depreciations and write-offs	1,669,180	-	1,669,180	1,280,547
Book value as of 31 December	393,693	-	393,693	674,991

2 Receivables

Group companies

This item concerns the current account with TenneT. The year ended with a positive balance of €1,291,693. The balance on the current account at TenneT attracts interest.

Prepayments and accrued income

This relates to activities in 2009 for which invoices have not yet been written.

3 Equity

Share capital

The authorised capital of the company is € 90,000, divided into 900 shares of € 100 each. Of these, 180 shares have been issued and paid up.

4 Current liabilities

Other liabilities

This relates to accumulated paid holidays and outstanding charges, consisting of a reserve for audit fees and the cost of the annual report. This item also includes a contribution received in advance from the NL Agency for the MEP-SDE and Biomass projects, as well as prepaid recharge costs for the MEP and waste incineration plants projects.

Amount received in advance

This relates to the difference between invoiced revenue and CertiQ's operating costs. This amount will be adjusted with the market actors in future tariffs.

The balance 'To adjust in tariffs' has changed as follows:

	2009	2008
Balance as at 1 January	- 680,927	- 89,562
Change	- 967,229	- 591,365
Balance as at 31 December	- 1,648,156	- 680,927

Rights and obligations not evident on the balance sheet

CertiQ, with TenneT and its subsidiaries, is part of one fiscal entity for company tax and sales tax purposes. On the basis of the standard conditions as laid out by the taxation authorities at the time the fiscal entity was established, CertiQ is primarily liable for the company tax and sales tax liabilities of the whole fiscal entity.

CertiQ has signed a contract worth € 26,000 for the structural provision of legal advice, covering the period from January 1, 2010 to December 31, 2010.

Notes to the profit and loss accounts for 2009 (EUR)

5 Revenue

During the reporting period, participants were invoiced on the basis of previously set tariffs. The amount needed to cover costs was €2,078,499. The difference in our favour between this and the invoices issued will be accumulated with differences brought forward from previous years and will be adjusted in tariffs for the years ahead.

	2009	2008
Invoiced revenue	3,045,728	3,019,706
To adjust in tariffs	- 967,229	- 591,365
Total	2,078,499	2,428,341

The invoiced revenue can be specified as follows:

	2009	2008
Registration fees	74,700	6,475
Membership fees	235,550	160,400
Issuing certificates	655,074	752,487
Certificate transfers	259,695	356,448
Certificate cancellations	1,522,304	1,485,538
Other income	298,405	258,358
Total	3,045,728	3,019,706

Certificates

The combination of reduced tariffs and a decrease in the numbers of created, imported and exported certificates led to declining revenues from issues and transfers. The rise in revenues from 'cancellations' is partly attributable to users voluntarily turning grey electricity to green, retrospectively. The increase in revenues from memberships is due to registrations of solar power plants.

Other income

The other income consisted largely of invoices for investments already made, for the implementation of the MEP and SDE schemes.

6 Operating expenses

Personnel expenses

The company does not have its own employees, it hires them in. In 2009 the average number of hired staff was 12.5 FTE (2008: 11.5 FTE). These are all seconded from TenneT. The staff level at the end of the reporting year was 12.5 FTE (2008: 11.5 FTE).

Personnel costs have decreased compared to 2008. This is due to reimbursements received for the time CertiQ staff spent on projects.

The personnel costs can be specified as follows:

	2009	2008
Hired from TenneT	695,991	710,343
Hired from third parties	40,118	42,733
Total	736,109	753,076

Costs of systems for process automation and the depreciation on tangible fixed assets

Since 2006, the tangible fixed assets have been capitalised on CertiQ's balance, whereas previously they were on TenneT's balance sheet. The depreciation for tangible fixed assets has decreased because few projects have been capitalised.

Other operating expenses

The other operating expenses include all the costs of premises, consultancy fees, office costs and travel and accommodation costs. These costs have increased in comparison to 2008. This is due to the business analysis conducted for the certification system and to the customer satisfaction survey that was conducted.

Interest income

This item refers to the interest paid on the balance of our current account at TenneT. The increase in interest income is caused by higher average claims against companies within the group (through the current account), as compared to 2008.

7 Transactions with associated parties

This relates to transactions with TenneT TSO BV, and for 2008, also transactions with EnerQ BV. The latter was wound up on 1 January 2009, so there were no transactions with this party in 2009.

CertiQ has transactions and positions with the following associated parties:

	TenneT TSO B.V.	EnerQ B.V.	Total 2009	TenneT TSO B.V.	EnerQ B.V.	Total 2008
Services	-	-	-	-	451,693	451,693
Reimbursements	1,378,174	-	1,378,174	1,401,364	-	1,401,364
Interest charges	-	-	-	26,539	-	26,539
Interest received	2,587	-	2,587	-	-	-
Current account credit	1,291,693	-	1,291,693	-	2,598	2,598
Current account debt	-	-	-	74,295	-	74,295

Arnhem, 26 May 2010

Management of CertiQ BV

Other information

Appropriation of profits

The appropriation of profits is set out in article 29 of the statutes. This reads as follows:

1. Profits will be distributed in accordance with the provisions of this article after adoption of the annual accounts showing that this is justified.
2. The profits are at the disposal of the general meeting.
3. The company may only make distributions to the shareholders and other persons entitled to the profit intended for distribution insofar as the shareholders' equity exceeds the issued capital plus the reserves which must be maintained by law.
4. A deficit may only be offset against the reserves prescribed by law to the extent permitted by law.

Auditor's opinion [on the Dutch version of these accounts]

To the shareholder and management of CertiQ BV

Opinion concerning the annual accounts

We have audited the annual accounts of CertiQ BV Arnhem for 2009, included on pages 35 to 45 of this Annual Report, and consisting of the consolidated and company balance sheet as at 31 December 2009, the consolidated and company profit and loss account for 2009, and the notes.

Responsibility of the Management

The Management of the company is responsible for the preparation of financial statements, which must faithfully represent the assets and results of the company, in accordance with Part 9, Book 2, of the Netherlands Civil Code (BW). This responsibility includes the design, implementation and maintenance of an internal control system relevant for preparing and faithfully representing the annual accounts of assets and results, in such a way that these contain no inaccuracies of material importance as a result of fraud or error; the selection and application of acceptable principles for financial reporting; and making estimates that are reasonable under the circumstances concerned.

Responsibility of the auditor

Our responsibility is to issue an opinion on the financial statements based on our audit. We have conducted our audit in accordance with Dutch law. Those standards require that we comply with the behavioural norms applicable to us and that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of inaccuracies and material misstatements.

An audit includes activities to obtain audit information about the amounts and the notes to the financial statements. The choice of activities to be performed is dependent on the professional judgement of the auditor, based in part on his evaluation of the risk of misstatements of material importance resulting from fraud or errors. For purposes of this judgement, the auditor considers the internal control system that is relevant for the preparation and fair presentation in the financial statements of the balance sheet and profit and loss account, in order to make a well-considered decision as to the audit

activities that, under the circumstances, are adequate, but his purpose is not to produce an opinion about the effectiveness of the internal control system of the company. An audit also includes an evaluation of the acceptability of the accounting principles used for financial reporting and of the reasonableness of estimates made by the company's management, as well as evaluating the overall presentation of the financial statements. We believe that the audit information that we have obtained is adequate and suitable as a basis for our opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the magnitude and composition of the assets of CertiQ BV as of 31 December 2009 and of its result for 2009, in accordance with Part 9, Book 2, of the Netherlands Civil Code.

Arnhem 26 May 2010

PricewaterhouseCoopers Accountants NV
C. Romme RA

Appendix: CertiQ works with ...

CertiQ works actively with various interested parties in the sustainable energy sector. We would like to mention the following here:

TenneT TSO BV

TenneT TSO BV is the Dutch Electrical Transmission Operator and manager of the national high voltage grid. TenneT established the certification system for electricity generated in sustainable ways, and for Combined Heat & Power plants, on behalf of the Ministry of Economic Affairs. CertiQ manages this system, which is linked to TenneT's electronic infrastructure, on behalf of TenneT. TenneT is the only shareholder in its subsidiary CertiQ.

The NL Agency

The NL Agency (Agentschap NL), formerly called SenterNovem, is part of the Ministry of Economic Affairs. The NL Agency implements government policies on innovation and sustainable development, and manages the SDE and MEP subsidy schemes which support the generation of renewable electricity that is certified by CertiQ.

The Ministry of Economic Affairs

The Ministry of Economic Affairs is responsible for policy-making for sustainable energy and Combined Heat & Power. CertiQ systematically coordinates its policies with the Ministry regarding developments that affect CertiQ.

The Office of Energy Regulation

The Office of Energy Regulation (Energiekamer) is the regulator for the Dutch energy sector. Among its duties are to supervise the correct implementation and compliance with the Electricity Act of 1998 and other legal schemes that are implemented by CertiQ.

Regional grid operators

Regional grid operators are responsible for the transmission of electricity over the public electric grid, from producers to consumers. In relation to CertiQ, the grid managers are responsible for evaluating applications for registration of generating plants and for periodically sending CertiQ their measurements of sustainable electricity and CHP electricity.

Metering companies

Metering companies are responsible for installing and maintaining electricity meters, for collecting the data from the meters and for passing this data on to the regional grid operator.

Producers of electricity

The producers generate electricity and supply it to the electric grid or to other plants. CertiQ issues Guarantees of Origin for the sustainably generated electricity. In the case of CHP production, CertiQ can issue CHP certificates and Guarantees of Origin for high-efficiency CHP. For electricity from other sources, CertiQ can, on request, issue energy labelling certificates.

Traders

Traders conclude agreements with producers regarding the purchase of guarantees of origin or other certificates. A producer of sustainable electricity tells CertiQ which trader he is dealing with. CertiQ credits the corresponding Guarantees of Origin to the account of this trader. In practice many producers have a steady relationship with one trader. A trader can trade the certificates or use them as proof of delivery to final users.

Energy suppliers

Energy suppliers are companies that purchase energy (including grey and green power) and sell it to commercial and private users. Thus it is the energy suppliers who have supply contracts with electricity customers. Every energy supplier in the Netherlands that wishes to supply green electricity must have a certificate account with CertiQ.

Participants' Council

CertiQ established the Participants' Council to ensure the desires of its participants are satisfied in an optimal way. Its members represent the interests of the participants in the certification system. They include producers, traders (including foreign traders that operate in the Netherlands) and representatives of a number of large energy suppliers. In drawing up its annual plan, CertiQ puts great weight on the advice given by the Council.

Association of Issuing Bodies (AIB)

The AIB is an international partnership of certification bodies, of which CertiQ is a member. The members of the AIB issue Guarantees of Origin and / or RECS certificates. The AIB seeks to standardise certification systems to facilitate international trade. For this purpose it has developed a common standard: the EECS norm. In its Renewable Energy Directive of 2009, the European Commission has made many elements of the EECS norm mandatory. CertiQ exchanges certificates mainly with the following national issuing bodies: VREG (Belgium), Energinet.dk (Denmark), Grexel (Finland and Sweden) and Statnett (Norway).

RECS International

RECS International is the European sectoral organisation that was initiated by a range of market actors to make optimum use of the commercial Renewable Energy Certificate system. Within CertiQ, the RECS system operates wherever possible in parallel to the system of Guarantees of Origin.

Statistics Netherlands (CBS)

CertiQ sends monthly statistics in relation to the sustainable generation of electricity and CHP electricity production to the CBS. This is done on the basis of an agreement between TenneT and the CBS. The CBS processes the data for its publications.

CertiQ BV is a subsidiary of TenneT TSO BV,
the Dutch Transmission System Operator and
manager of the national electricity transmission grid.



Utrechtseweg 310
6812 AR Arnhem
PO Box 718
6800 AS Arnhem
Netherlands

T +31 (0)26 373 16 58

F +31 (0)26 373 11 58

servicedesk@certiq.nl

www.certiq.nl

If you would like a handy overview of the procedures relating to certification, for yourself or, for example, to give to new members of staff, you can order the free pamphlet *CertiQ certificeert duurzame energie* (CertiQ certifies sustainable energy).

© This Annual Report is published by CertiQ BV, Arnhem

Text Gineke van Dijk (CertiQ), Ben Voorhorst (TenneT),
Howard Krol Tekstproducties, Amsterdam

Design Loep ontwerp, Arnhem

Photographs Bart Nijs fotografie

Printing Drukkerij Roos en Roos, Arnhem

Circulation 400

Publication June 2010

CertiQ BV is responsible for certifying the sustainable generation of electricity on behalf of the Dutch government. It issues certificates, which are also called Guarantees of Origin, that make it possible to verify the origin of electricity that is sold as 'green'. In addition, this certification is an important instrument for facilitating the trade in sustainably generated electricity and producers of this electricity can use the certificates when applying for subsidies.

Being alert is the theme of our annual report this year. Developments in 2009 required us to adopt a more alert approach to our work: alert in the sense of focused, critical and pro-active. In the past year we have been alert to cost considerations, and we looked closely at ways to improve our automation systems. In addition, the New European Directive on Renewable Energy came into effect and we were alert to differences between this and the successful Dutch green power model. Finally, to stay alert in our service, we commissioned our first customer satisfaction survey in 2009.